

McCann Appraisal, LLC

September 21, 2010

New Hampshire Site Evaluation Committee

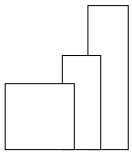
Re: Docket No. 2010 -
Application of Groton Wind, LLC for a Certificate of Site and Facility
Groton Wind Project;
Groton, New Hampshire

Dear Members of the New Hampshire Site Evaluation Committee:

As requested by Applicant Groton Wind, LLC, and on behalf of affected neighbors of the referenced Groton Wind Project, McCann Appraisal, LLC has prepared the following response to certain data requests made by the legal counsel for the developer. This letter is prepared and intended to be responsive to said data request. My answers are provided under oath, as certified herein consistent with the mandatory certification required of appraisers pursuant to applicable licensing laws that mandate compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Before answering the "data request", and in the interest and goal of fundamental fairness of the subject proceedings, I respectfully direct your attention to the following issues:

- The requests of the Applicant are far reaching, and several of the requests are unduly burdensome, irrelevant or otherwise not likely to result in impeachment of the written testimony and supporting documents previously submitted by McCann. However, to the extent that my responses are not fully documented with the thousands of pages of information Applicant requests, I am available for cross examination by both Applicant counsel and the Committee, to the extent the Committee believes Applicant's data request(s) are relevant.
- The level of comparable sale detail found in Applicant's property value report submission (LBNL report) is considerably less complete than the level of detail requested by Applicant of McCann. In fact, the LBNL report neither lists any addresses of sold properties alleged to be summarized in the LBNL report, nor were the authors willing to provide the base data cited in their report for a legitimate peer review, even after inviting Michael McCann to do a "peer review". Thus, the Applicant discovery request reaches far beyond the level of detail that they themselves have submitted to date.
- Notwithstanding mischaracterization of the statements made in the LBNL report within the subject Application submissions, upon closer review of the LBNL report submitted by the Applicant, it is clear that the LBNL report authors acknowledge that some close-in properties may well experience property value impacts, **which is exactly the question at hand** (*as opposed to homes 2 – 5 miles removed from the project footprints that*



provide the basis for LBNL authors to claim there is no statistical significance to the lower nearby values). Thus, the Applicant evidence actually confirms there IS value loss near turbines. The only legitimate remaining question is how much impact at various distances.

- The original author of the LBNL report (Ben Hoen) is not a professional appraiser and, notwithstanding his affiliation with a well known university and highly compensated institutional advocate of wind energy development, the report is largely irrelevant to the issue of property values within audible and nearby visual distances of turbines. However, the LBNL report finds over 5% lower values in the nearby locations after eliminating re-sales from developers who bought out affected or impacted homeowners and **resold the homes at steep discounts from their purchase prices**. Mr. Hoen has no legal requirement, as do licensed appraisers, to support their conclusions with relevant data. In my professional opinion, the value of homes in *distant* view-shed locations is only a secondary issue, with the primary issue being the value, use and enjoyment of the nearest homes.

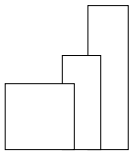
With that said, the following responses to the Iberdola data request is provided as follows:

III. DATA REQUESTS

1-1 Please identify each and every person(s) who assisted you in answering these data requests and their professional qualifications. Describe the nature and extent of their assistance. Specify each data request with which the person(s) provided you assistance. **Answer: No one assisted me in answering these data requests, other than by providing a copy of the Application.**

1-2. Please identify each and every person who assisted you in preparing and filing your letter to the New Hampshire Site Evaluation Committee dated August 31, 2010 in this case. **Answer: This is two (2) questions. 1) No one assisted me in preparing my written testimony letter of August 31. 2) To the best of my knowledge, the party who filed my written testimony is of record. The Intervenor group of Buttolph/Lewis/Spring requested my professional opinions on this matter.**

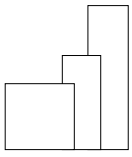
1-3. Please provide a list of all of the wind power projects on which you have been a consultant or witness and provide copies of any and all documents related to your participation in such projects. **Answer: Ongoing matters for which I have been retained as a consultant but not yet disclosed as an expert witness are subject to attorney privilege as well as attorney-consultant confidentiality and are not disclosed prematurely or inappropriately herein. However, to the best of my**



recollection, I have been a consultant and/or witness on behalf of property owners for projects in Illinois in the counties of Ogle, Stephenson, Livingston, DeKalb, Tazewell, Woodford, Logan, Bureau, Adams, & McLean. I have consulted pro-bono with numerous citizens in Michigan, Arizona, Ontario, Michigan and New York, without preparing any written reports or testimony, or appearing at the hearings. My written reports are a matter of public record in each of the preceding Illinois matters and are available to applicant via FOIA request, but not available to McCann without incurring significant expense to neighbors of the Groton project. Other documents related to the projects I have worked on, but prepared by other companies, consultants, appraisers, etc., are extremely voluminous and not likely to be relevant. However, as they are a matter of public record and not in my possession, I suggest that Applicant retain the copying service and truck that would be necessary to deliver the tens or hundreds of thousands of pages and records of their overly burdensome request to New Hampshire. Finally, Iberdola has records of the McLean County wind turbine project near Carlock, Illinois, as their files will contain all my records provided during a discovery deposition of McCann taken by Iberdola legal counsel. Iberdola attorney files will also contain records of the confidential settlement payments made to affected property owners and, per the terms of their confidential settlement agreement with my clients on that matter, contain records that were not made available to McCann.

1-4. Please state whether you have ever been to Groton or Rumney, New Hampshire? If so, please state the date(s) of your visit(s) and the purpose(s) therefor. Also, please provide any notes or other documents that relate to such visit(s). **Answer: No. My inspections of Groton and Rumney are limited to Google satellite photos reviewed on-line, as well as photographs contained in applicant submissions.**

1-5. Please state whether you have ever performed assessments or appraisals of any property located in the State of New Hampshire? If so, please provide the details of such assessments or appraisals, including and written reports of such assessments or appraisals. **Answer: Yes. I advised a local appraiser in or about 1988 as to the proper procedure for appraisal of a stone quarry, and further, how to separate the going concern value from the market value of the real estate. The 22 year old matter is beyond the record keeping requirement of appraisers and is no longer available for retrieval or in possession of McCann.**

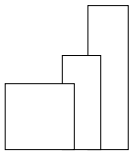


1-6. Please identify any licenses issued to you by the State of New Hampshire. **Answer: None. As disclosed beneath my signature and in my professional biography I am a Certified General Real Estate Appraiser licensed in my home state of Illinois. However, licensing requirements are mandated at the federal level and duplication of the parallel requirements for New Hampshire licensing is unnecessary and redundant, since both States require compliance with USPAP for ANY property value opinions. I am in compliance with said USPAP requirements. However, I note that the LBNL report and its authors are not in compliance with USPAP and do not certify or provide their opinions under oath, even though they meet the requirements for what constitutes an “appraisal”, by virtue of opining as to real estate value issues.**

1-7. Please state whether you are familiar with current real estate trends (sales, average prices, valuations) in New Hampshire. If so, please identify the sources you consulted to obtain knowledge of such trends. **Answer: Notwithstanding the undefined term “familiar”; yes, I am familiar. Sources were various real estate search engines available on the internet, i.e., Zillow.com, Realtor.com, Trulia.com, etc. Adequate sale and listing data exists to obtain background for understanding the price point range, character, quality and value of homes in the Groton/Rumney market area.**

1-8. Exhibit A of your August 31, 2010 letter to the New Hampshire Site Evaluation Committee states, regarding data provided by others in connection with the report, that "no responsibility is assumed for its accuracy". In addition, said Exhibit A states that “[t]his report should not be used or relied upon by any other party except the client to whom the report is addressed.” Given these statements, do you stand behind the analysis and conclusions contained in the documents submitted to the New Hampshire Site Evaluation Committee? **Answer: Yes. Sale data that is foundation of my opinions was derived from public records, and was subject to buyer affidavit confirmation per the Illinois Department of Revenue standards. This standard language is intended to protect my company from lawsuits by overzealous attorneys, unscrupulous or frivolous lawsuits.**

1-9. Please state whether you have completely read and fully considered the Applicant’s Visual Assessment Study to obtain information about the potential properties within the Project’s viewshed. **Answer: I have read the applicant’s VAS. I have not examined each individual property within the viewshed (or audible range). As a side note, it is the Groton wind energy project that is “potential”; The properties in fact, exist.**



1-10. Please explain in detail your understanding of the location and types of potential properties within the Project's viewshed. **Answer: Rural residential and small town environment and setting. Typically, older and/or historic homes and occupants will be impacted. Price range is from approximately \$60,000 to about \$500,000. I do not limit impacts to "views" or viewshed, however, as my interviews of some homeowners living on wooded sites were still disturbed by noise, "thumping" and sleep disturbances, particularly at night (*when all but blinking lights are not visible and therefore not a "view" issue*). Distance includes visual impacts but that has more of an impact on marketing, while the noise and sleep disturbances are more of an impact on the use and enjoyment of existing owner/occupants, which also leaves homeowners wishing to sell with the ethical dilemma of making full disclosure of known nuisances and other latent defects to potential buyers. (*i.e. That in many cases insulation and/or standard residential construction materials is inadequate to prevent the intrusion of noise and/or vibration into the residence, etc.*)**

1-11. Please list the primary factors that affect changing valuations of property. **Answer: Physical, economic, governmental and social. That is the correct answer to the question, per Appraisal 101.**

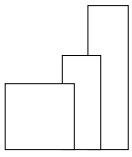
1-12. Please state whether you consider the state of the economy to be an important factor in determining property value. **Answer: Yes.**

1-13. Please state whether you believe that the housing "bubble" and subsequent collapse in residential home prices is a significant factor in current home sale prices. **Answer:: Yes.**

1-14. Please state whether you believe that increased foreclosures and property auctions have an effect on housing prices. **Answer: Yes.**

1-15. For each of the following structures, developments, or activities listed below, state your opinion on whether they negatively affect property values within the viewshed? For each please state the basis for your opinion.

- a. Cell tower(s)
- b. Microwave tower
- c. Ski resort
- d. Gravel quarry(s)

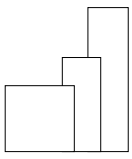


- e. Electric distribution line(s)
- f. Fast food restaurants
- g. “Big box” stores such as WalMart
- h. Interstate highways
- i. Commercial logging
- j. Trailer park(s)
- k. Wood chip plant
- l. Sewage treatment plant
- m. High voltage transmission power line(s)

1-15 Answer: As it relates to a. through m. above, they can have a negative impact under circumstances that the project or use has a dominant presence, impairs aesthetics, negatively changes the character of a property setting or perception thereof (single or multiple properties), causes the need for financial and/or time expenditures by neighbors that they would not otherwise have, or in any number of potential ways has a demonstrable adverse impact on the use, enjoyment, marketability or value of the neighboring use. Regarding 1-15 c., a ski resort would typically tend to enhance surrounding property values. However, if the resort were developed thoughtlessly or carelessly, then it could create an avalanche or other man-made detriment to neighboring property and result in a negative impact for any homes that “got in the way”. This is exactly why adequate setbacks are important. To mitigate against adverse impacts on neighboring property.

1-16. Your submission includes a December 14, 2009 letter written to the U.S. Department of Energy’s Lawrence Berkeley National Laboratory with comments on their study of property values and wind farms. Did you receive a response to this letter? If so, please provide it. **Answer: See attached.**

1-17. Please state whether you agree that an approximately 5% variation in property value is within the normal range of fluctuations, given market conditions, shifting preferences of prospective buyers, and the relative numbers of comparable properties in the region that are for sale. **Answer: As it relates to the reduction of value as isolated within the LBNL report data nearest their measured/studied distances in wind project areas, ...no, this is decidedly not “normal”. When that impact is distorted by eliminating sales that the very duress-sale conditions or motivation to sell was to avoid turbine impacts, and the ‘raw’ information without statistical manipulation shows a 25% lower value within 1 or 2 miles as well as within the “footprint” area overlaid by utility scale turbines, versus homes that are located 5 miles or greater from the project perimeter, then 5% can be understood as a “best case” scenario rather than a typical impact. In furtherance of my answer, 5% is a normal range of negotiation, and even more in many cases, due to the economy in general. The impact of the economy and the turbines do not cancel one another out, however, and so to avoid any misleading answer to the general**

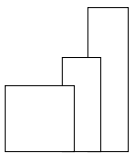


question propounded, it is my opinion that the economic and turbine impacts are cumulative and exacerbating. In support of this conclusion I direct your attention to the McCann Adams County report, page 53 Appendix C. The raw data reflects a 25% lower average sale price per square foot of home area for sales nearest the turbines. It is important to understand that these sales occurred nearest the first wind turbine project constructed in Illinois, and occurred during the strong real estate market time period of 2003-2005 and into 2005. Thus, the 25% value loss is minimal compared to nearby losses in a real estate market such as the current market. Currently, many homes are un-saleable at anywhere near pre-impact price levels., and 40% losses are becoming more typical. Finally, sometimes the absence of sale data can be the most compelling evidence of value impact, as when no one will buy properties that have been on the market for years, then the loss of reasonable liquidity caused by wind energy projects is manifest.

1-18. Please state whether you have formal training as a statistician. If so, please provide any supporting documentation. **Answer: My statistical training is through courses offered by the Appraisal Institute as part of general appraisal curriculum. The statistical analysis techniques taught in appraisal courses are somewhat limited compared to the full range of statistical methods. As it relates to my limited reliance on statistical analysis techniques, I have relied on a review of the LBNL report prepared by Mr. Albert Wilson, as he is more advanced than I am personally in statistical analytical experience. And as an appraiser, Mr. Wilson also has a firm grasp of real estate fundamentals. A written copy of Mr. Wilson's paper regarding the LBNL report statistical approach is enclosed herewith.**

1-19. Please state whether you believe that there are any circumstances in which proximity to a wind farm could increase property values. If so, please describe those circumstances. **Answer: Not proximity, per se, but leasing land to wind energy companies may increase the value of the property upon which the turbine(s) are physically constructed. On balance, with residential improvements also located on the leased site, there may also be an off-setting loss of value. Thus, under some circumstances, particularly with a lease that is unfavorable to land owners rights, the net value change for leased property may be negative. While I clearly understand the desire of some land owners to gain additional rental income, when the financial gain to the applicant (*developer and/or land owner/lessor*) is at the expense of non-participating neighbor home equity, as well as use and enjoyment of their homes, then the gain is inappropriate from a compatibility, land use and valuation perspective.**

1-20. Please provide copies of all documents reflecting communications between you and any member of the Buttolph/Lewis/Spring intervenor group. **Answer: See attached.**

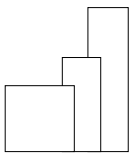


1-21. Please identify all documents submitted by the Applicant to the New Hampshire Site Evaluation Committee in this docket which you reviewed prior to submitting your August 31, 2010 letter to the Committee. **Answer: Permit Application; Download from <http://eetd.lbl.gov/EA/EMP> ERNEST ORLANDO LAWRENCE BERKELEY NATIONAL LABORATORY The Impact of Wind Power Projects on Residential Property Values in the United States: Ben Hoen, Ryan Wiser, Peter Cappers, Mark Thayer, and Gautam Sethi Environmental Energy Technologies Division December 2009.**

1-22. Please provide copies of all documents reflecting communications between yourself and Mr. Ben Hoen. **Answer: See McCann Adams County report, McCann review of Draft LBNL report, McCann review of final LBNL report, The LBNL report, and attached email (appended to this letter at end of requests and answers).**

1-23. Please identify all of the documents, reports, or other items you will ask the Site Evaluation Committee to consider in connection with its review of Groton Wind, LLC's Application, and those that you will seek to have introduced into evidence at the hearing of this matter. **Answer: See answer to 1-21 & 1-22. Notwithstanding this answer, I reserve the right to supplement my answer as my research continues. I anticipate the possibility of providing other independent reports prepared by other appraisers or brokers, to the extent that they are available on the internet, in the public domain or otherwise available to not only Iberdola but to every person who constitutes the "market" for residential property throughout the United States. I also reserve the right to introduce case studies in real estate impacts for individual homes near wind projects.**

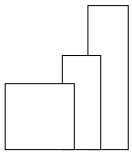
1-24. In your August 31, 2010 letter to the New Hampshire Site Evaluation Committee, on page 2 you refer to "my own independent study of property values near utility scale wind energy projects." Please provide details on each of the projects to which this statement refers, including the methodology employed, sources of data, and reviewing parties. **Answer: This is multiple questions. The Adams County report contains data and opinions I have previously developed and which is generally applicable to any residential property impacted by close proximity to utility scale turbines. Project details are similar to the extent that the projects in question are all utility scale wind energy projects that are heavily subsidized by taxpayers, for the financial benefit of private companies, and which overshadow, encircle or are inadequately set back**



from the nearest residential properties. See 1-3 answer for location details and for public record access to documents requested by Applicant.

1-25. In your August 31, 2010 letter to the New Hampshire Site Evaluation Committee, on page 2 you say that “a 25% or greater value reduction can be reasonably expected for many of the approximate 200 homes and structures located in close proximity to the proposed turbines.” Please state the basis for this statement. Also, please provide the distance which constitutes “close proximity” as that term is used in the above-referenced statement. **Answer: 2 questions. 1) I have been advised by the intervenor’s that there are approximately 200 structures within 1-mile of project turbines. Structures may include homes, barns, etc. 1-mile is obviously closer proximity than 2-mile distances, or the more distant homes which form the alleged statistical significance of the LBNL report conclusions. I refer you to the McCann Adams County report addenda that depicts near and far proximity impact on value, with 2 miles as the threshold distance. I would add that my research and review of turbine noise impacts can exceed 3 miles, when turbines are placed on ridges. Thus, there is not a one-size-fits-all answer to what constitutes “close proximity”. Further elaboration of my answer is that in areas of scenic beauty, as opposed to unpopulated range land (*i.e. west Texas*) the aesthetic contribution to property value is not necessarily defined within absolute or exact distances. The LBNL report, Figure Es-2 on page xiii of the report, measures the change in average values depending on the quality of the view from the homes, and mirrors my experience in view impacts on value as well. Thus an impaired view from a property possessing a “premium” vista, based upon LBNL data analyzed and claimed to be statistically significant, indicates that a 13% premium could become a 21% reduction, or a net property value reduction of 34%.**

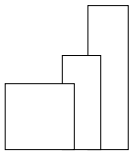
1-26. In your August 31, 2010 letter to the New Hampshire Site Evaluation Committee, on page 2 you recommend that the Committee adopt a Property Value Guarantee (PVG) to neighboring homeowners. Please state if you are aware of whether this type of PVG has ever been required in connection with any other wind project. If the response is in the affirmative, please provide copies of any official documents indicating such requirement. Also, please define the term “neighboring homeowner” as that term is used in the above-referenced statement. In addition, please identify all other types of developments or projects, such as, but not limited to: cell towers, microwave towers, ski resorts, gravel pits, commercial logging operations, trailer parks, or electrical transmission lines, for which you recommend Property Value Guarantees for neighboring landowners. **Answer: Again, multiple questions. Yes, PVG’s**



have been required of wind energy projects. In DeKalb County, Illinois, Ogle County, Stephenson County, and was recommended by the Livingston County Board recently, also in Illinois. The Canastota Wind Power, LLC, developer in Fenner, NY provided a property value assurance plan for nearby homeowners. I have selected 2-miles from the perimeter of projects and all homes within the “footprint” to be a fair representation of “neighboring” homeowners, but again, when sound impacts are likely to extend beyond 2-miles or visual impacts in an area of scenic beauty are beyond 2-miles, then I do not believe that a set, uniform distance is appropriate, from a real estate value protection perspective. I have recommended PVG’s to my clients engaged in the waste disposal business, when siting landfill’s, and for a limestone quarry a few years ago in Kendall County, Illinois. That specific quarry was denied at the local land use zoning levels, but obtained court ordered approval for the mining use. Notwithstanding the lack of a court-ordered PVG, my client adopted my recommendation and has in fact entered into agreement(s) with neighbors to protect their property values. *(They apparently understood that if their project had any impact on a neighbor’s ability to sell their home, then they had an ethical obligation to leave that neighbor “whole”).* I am also aware of other PVG’s, some of which have paid claims to neighbors, when the reason their homes would not sell or sold for less than market value was because of the industrial use sited near residential homes. As far as copies of “official” documents, Iberdola is welcome to FOIA them from the Counties in question, as I am not the keeper of their records. Finally, I have also found that when a PVG agreement is left for the developer to draft, it typically becomes very weak, non-protective of neighboring property values and rights, and distances are gerrymandered to inadequately close distances.

1-27. Please explain in detail how a PVG would ensure that a home does not suffer from diminished use or enjoyment. **Answer: I think you miss the point. It insures against value loss. However, by truly being a “good neighbor”, wind energy companies can buy a lot of good will by giving the impacted neighbors the peace of mind that they will not suffer significant loss of home equity as a result of the nearby turbines, and THAT will help mitigate against a loss of use and enjoyment to some degree.**

1-28. In your December 14, 2009 letter to the Berkeley National Laboratory you refer to “questionable ‘science’ being applied regarding predictions of global warming”. Please explain in detail what you mean by this statement. Also please provide copies of any responses to this letter from Berkeley National Laboratory of which you are aware. **Answer: What I refer to as questionable**

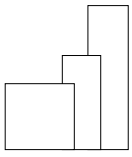


science are the admissions of scientists involved in analyzing data that they base their opinions not on the data, but on the “models” they developed to predict worsening climate changes, etc. I have not kept a record of every article or petition reviewed containing signatures of scores of climatologists who ‘question” the accuracy of the predictions, but they are widely available on the internet to anyone who types in a few key words.

1-29. Please identify the “affected neighbors” referenced in the first line of your letter to the New Hampshire Site Evaluation Committee dated August 31, 2010. **Answer: See the registered intervenor group. Also see anyone who lives in the view or audible distance ranges from any of the turbines. Also see anyone who owns a home that may suffer a ripple effect value loss, if the nearest homes are reduced in value by development of the Groton turbines.**

1-30. Please state whether it is your opinion that all properties within the viewshed of a wind energy facility will decline in value once the facility is constructed. If that is your opinion, please state the basis for it. **Answer: The viewshed can extend beyond 10-miles. So, no, I do not believe that ALL will decline in value. However, I reiterate that I do not limit impacts to “view”, (unlike LBNL researchers), as noise, sleep disturbances and health complaints are often driving forces in abandonment of homes by some neighbors, buy-outs by wind developers, or significantly reduced sale prices. The basis for my opinions are that I have expended something on the order of 1,500 hours reviewing records, researching values, speaking with neighbors, reading personal accounts of wind turbine neighbors, attending hearings, listening to expert testimony of acoustic engineers, reviewing the DOE funded \$500,000 LBNL report, giving testimony on these matters and having my opinions tested by attorneys under rigorous cross examination, and together with 30 years experience in appraising all types of real estate, I have formed my professional opinions.**

1-31. Please state whether it is your opinion that all properties within two miles of a wind energy facility, and which are not within the facility’s viewshed, will decline in value once the facility is constructed. If that is your opinion, please state the basis for it. **Answer: As stated previously, view is not the only isolated impact factor. For example, one homeowner I interviewed in Lee County, Illinois, adjacent to the Mendota Hills project, bought a home on wooded acreage that is well screened from the view of the turbines. Her and her husband bought the property at approximately 25% under list price, thinking “we would not see it”, but upon living there for several seasons found that the woods did little to protect their peaceful environment from the turbine noise, especially during the summer months when trying to sleep with windows open. In instances where sound levels exceed the ambient background noise by 5% it is noticeable and 10% it is**



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an “annoyance”, as determined by acoustical engineers. Thus, the 2-mile limit should really be viewed as a benchmark, and sound levels should be monitored at any locations where background noise levels are exceeded by 5%, from a real estate perspective. I understand that your questions/requests must be based on the partial analysis of the LBNL report, but if noise and other impacts are ignored then the neighboring values, use and enjoyment of property will have been inadequately addressed or protected.

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Attached communication per request # 1-22

-----Original Message-----

From: Mike McCann [mailto:mikesmccann@comcast.net]
Sent: Tuesday, December 15, 2009 10:17 PM
To: 'Ryan Wiser'
Cc: Ben Hoen
Subject: RE:

Hi Ryan,

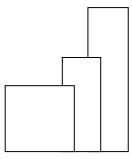
It is clear that you & Ben put a lot of time and effort into that study. I know reasonable people can disagree on some things reasonably, and yes, Ben has followed up with me. I hope to clear up any disagreement that are possible to clear up, so I will expand on my thinking a little bit for your consideration.

First, the only home I know that has been built 800 feet from any turbines is the 965 Bingham Rd home. I explained to Ben how that site was purchased, and then the wind farm developed, and then the builder starting the construction and marketing of that house during the best sellers market in modern history. Yet, it still sat on the market for over 800 days, before selling to a gentleman (Dale Schmidt) who had a job compelling him to live in Lee County. He and his wife had sold their existing home, and had to find a replacement in Lee County specifically. Mr. Schmidt also has a job that requires him to, shall we say, be far more tolerant of negative visual stimulus than your typical person in the market (IL health & Ag, Hog slaughtering inspector). Clearly, these are unique circumstances that all came together, albeit very slowly, and allowed the builder to get out of his spec development (965 Bingham) at a break even, at best. It did sell for about 20% below market, however, and the impact was still measurable.

Other than how the referenced mistakes can be read or misunderstood to any reader/user/advisee of your report, I must still disagree that your report includes the complete, balanced and proportionately relevant presentation of the issues. I think even though you do disclose that more study is needed in the immediate project areas, the conclusions of the Report are not clearly or thoroughly defined in that separate manner. It is mentioned fairly minimally and definitely secondary to the more distant study zones.

Your report conclusions that are being quoted most often seem to end with sentences 1 & 2, as broken down by me below, without the 3 thru 8 complete quote.

.....neither the view of the wind facilities 1-(nor the distance of the home to those facilities) is found to have any 2-(consistent,) 3-(measurable, and statistically significant effect) on home sales prices.

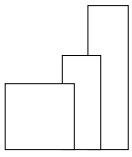


Although the analysis 4-(cannot dismiss the possibility that individual homes or small numbers of homes have been or could be negatively impacted), it finds that 5-(if) these impacts do exist, they are 6-(either too small and/or too infrequent) to result in any 7-(widespread), 8-statistically observable impact.

You merely need to read how your report is already being quoted to understand how various decision making bodies are likely to be influenced. The greatest area of impact, in my opinion, deserves the greatest focus. Thus, the “tea in China” analogy in my written review. Yet, these are the precise areas that impacts are dismissed with those qualifying adjectives.

My additional remarks and review thoughts are now isolated to the Report conclusions, as enumerated and highlighted above:

- 1- The report data reveals that distance to homes does impact values, at the average rate of a bit over 5%. The report conclusions do not state that clearly.
- 2- The impacts at a given project locale, even within a footprint, are not expected to be “consistent”. Some homes were worth \$100,000 and others \$400,000 or more, in locations I have studied. The dollar amount of impact is not consistent, and in many instances, I believe the percentage impact is variable, depending on the unique situations of each impacted sale. This qualifying word implies many homes in the nearest impact zones were not impacted in sale price at all, but I see no evidence to support that potential position.
- 3- It is a fact that 5% is “measured”. It does not say measured OR statistically significant. It says AND statistically significant. Forgive me if this sound nit-picky, but when conclusions are tested under cross examination, for example, the devil is in the details. That filters down the actual impact by minimizing it with the “opinion” that it is not statistically significant, and tends to lead the reader to the conclusion that there is no impact found in the most proximate residential data.
- 4- “cannot dismiss the possibility” does not mean the same thing as “evidence exists that such impacts have occurred” The balance of (3) says “have been or could be”, which again, tends to lead the reader to incorrectly believe that no ground-zero evidence exist as far as negative impacts.
- 5- Saying “if” these impacts do exist, again, tends to indicate there is no factual basis in your study data to indicate the actual impacts.
- 6- The frequency as found in your study appears to be 128 sales located within 1 mile. This pales in comparison to the frequency of homeowners finding themselves’ being in the middle (footprint in particular) of proposed projects. “Too infrequent” qualifies actual results in such a manner as to, again, lead the reader away from the fact of 5% measured loss in the 1 mile zone.
- 7- The term “widespread” seems to be left to interpretation of the reader. The study covered multiple (i.e. widespread) locales, and the report does not state that “negative sale price data was only found a t 1 of multiple project locations studied. Further, the wind energy projects in the pipeline are very widespread. I would concur that the impacts are not shown widespread in relation the 5 mile and beyond study zones, but in order to avoid being misleading; I think that should be clarified.
- 8- Your study stops at what is statistically observable in the larger background your study selected. It does not fairly disclose, however, that there are other relevant forms of observation and analysis. As I told Ben, ANY appraisal (opinion of value) should reflect the market. That is Appraisal 101. To ignore the method, depth and type of analysis the “typical” home buyers & sellers utilize is not consistent with this basic principle of



valuation. If the market looks at homes on the basis of square footage, then the price per square foot is most relevant for analytical purposes. It is also true that if farmers look at land on the basis of price per acre and soil productivity, then the value opinion should not focus on how much frontage the farm has, nor the number of bedrooms in the farm residence. Those parameters become secondary.

Sometimes, what is NOT said or how something is said is more accurate and relevant to the issue at hand. Based on the proportional relevance of home values at varied distances, and the data in the report, I think the conclusion should read, more or less, thusly:

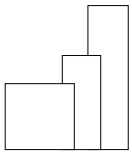
“There was a very limited amount of sale data (disclose number) of homes in the immediate impact zone, which is defined as the wind farm project footprint or “ground zero” The data that does fit within the definition of being located in the midst of any turbine project showed an average sale price of \$X per square foot. This indicates property values are X% lower/higher/no different than the data examples from very comparable settings but 5 miles or more from the edge of the wind farm projects studied.

Secondly, the zones of under 3,000 feet and up to 1 mile distant from the perimeter of the wind farm projects studied revealed value levels were approximately 5% lower than the similar properties more than 5 miles removed. The 5 mile and greater distances revealed no statistically significant difference or obvious impact on values, strictly from a statistical analysis perspective.

No evidence has been analyzed regarding marketing times, cancelled listings, price reductions of listings or ratio of showings to contracts for the footprint locations. However, given the widespread and consistent personal accounts reported by homeowners and agents hired to sell wind farm impacted residences, we recommend that provisions be made to insure against the financial loss of the most impacted residents. The owners of the most impacted residences represent a significant and growing number of citizens, and the study reveals that there are impacts in the most proximate areas, which warrants the requirement of Property Value Guarantees in any land use approval process for wind farms.”

Ben advised me that the homes in the “Doughnut Hole” at the Fenner wind farm study area are owned by participating land owners. I must admit I am skeptical as to 100% of the homes being occupied by participating land owner (turbine pad site lessors.). In my experience, many homes in the rural residential areas are separated in ownership from the land, and in all instances I have studied, the majority of homeowners within project footprints were non-participating. It is at least as common for the participating land owners to be ‘absentee’ land owners, when mailing addresses of such land owners are researched on county tax records. The smaller parcels with a home located on it can not meet the setback requirements of any jurisdiction, and the wind energy developers seem to pretty much ignore anyone that does not own a potential turbine pad site.

I would very much be interested in seeing the support for the claim that all Fenner “doughnut hole” home owners are participating with the wind farm development. My review of Google satellite maps found numerous homes within in the Fenner project. I am also curious if the developer bought out any of the Fenner home owners, if you know, or if you have a contact at Fenner who would be willing to speak candidly with me.



McCann Appraisal, LLC

Wind farm developments are an evolving trend in the US, as you know, and the process of evolution is far from completed. Beyond the evidence of value impacts to date, it is critical that the stage is not set for another real estate meltdown or catastrophe requiring any bailout. The projects should be self-sufficient in that regard, and not provide financial gain to the new developments at the expense of the neighboring property owners.

If your report is ever modified to reflect the proportional relevance of which I speak, I think the public officials who follow the guidance of your report will be better advised, and be in a better position to effectively use their administrative powers to protect private property rights, value, and other zoning standards (Health and welfare of neighbors, compatibility of land uses, etc)

As with Ben, I hope to keep our dialogue going.

Take care,

Mike McCann

-----Original Message-----

From: Ryan Wiser [mailto:RHWiser@lbl.gov]

Sent: Tuesday, December 15, 2009 2:39 PM

To: Mike McCann

Subject: Re:

Thanks Mike. Hope Ben is following up with you on our citation and reference to your work. If we messed that up, we will rectify. I must say that I disagree with many of your comments, but I also appreciate the time you have spent with the document. I certainly acknowledge that our work does not say anything about homes within 800 ft. It is, in our view, a solid study, but there is always more to be done. Best regards,

Ryan W.

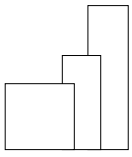
Mike McCann wrote:

Dear Mssrs. Hoen & Wiser,

Attached is my follow up review of the LBNL Report.

This is an extremely important issue to numerous areas that are considering proposed wind energy projects, and the thousands of people affected. For that reason, I have undertaken this follow up review on my own time.

Also, I think you should become familiar with USPAP in preparing any opinions that relate to value of real property, since an opinion of



McCann Appraisal, LLC

value (including impact thereon), by definition, is an 'appraisal', and that work is subject to the Uniform Standards of Professional Appraisal Practice (USPAP), and there are legal requirements that must be met. I have refrained from citing USPAP in my review, however, because I understand that your Report does not claim on its face to be an "appraisal" opinion or to have opinions prepared by any Appraiser.

Please feel free to contact me should you have any questions, comments or if you wish to update your study with the benefit of experienced professional appraisal advice.

Best wishes.

Sincerely,

Michael S. McCann
McCann Appraisal, LLC
500 North Michigan Avenue, Suite # 300
Chicago, Illinois 60611

Real Estate Appraisal & Consulting

Phone: (312) 644-0621
Fax: (312) 644-9244
Cell: (312) 961-1601

mikesmccann@comcast.net

-----Original Message-----

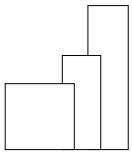
From: Benhoen2 [mailto:benhoen2@earthlink.net]

Sent: Monday, December 14, 2009 8:34 PM

To: 'Mike McCann'

Cc: benhoen2@earthlink.net

Subject: RE:



McCann Appraisal, LLC

Mike,

(It seems I just sent you an email I had intended to send to Ryan which might have sounded too brief. This is what I had intended for you.)

Thank you for taking the time to take a closer look at our report a second time. Your comments, I suspect, are nuanced and thoughtful. I look forward to reading them in detail tomorrow.

Best,

Ben

Ben Hoen
Office: 845-758-1896
Cell: 718-812-7589
benhoen2@earthlink.net

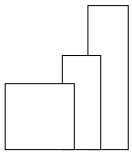
From: Mike McCann [mailto:mikesmccann@comcast.net]
Sent: Monday, December 14, 2009 5:17 PM
To: Ben Hoen
Cc: RHWiser@lbl.gov
Subject:

Dear Mssrs. Hoen & Wisner,

Attached is my follow up review of the LBNL Report.

This is an extremely important issue to numerous areas that are considering proposed wind energy projects, and the thousands of people affected. For that reason, I have undertaken this follow up review on my own time.

Also, I think you should become familiar with USPAP in preparing any opinions that relate to value of real property, since an opinion of value (including impact thereon), by definition, is an "appraisal", and that work is subject to the Uniform Standards of Professional Appraisal Practice (USPAP), and there are legal requirements that must be met. I have refrained from citing USPAP in my review, however, because I understand that your Report does not claim on its face to be an "appraisal" opinion or to have opinions prepared by any Appraiser.



McCann Appraisal, LLC

Please feel free to contact me should you have any questions, comments or if you wish to update your study with the benefit of experienced professional appraisal advice.

Best wishes.

Sincerely,

Michael S. McCann
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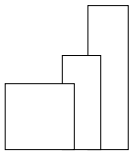
From: Mike McCann [mikesmccann@comcast.net]
Sent: Saturday, October 24, 2009 3:43 PM
To: 'benhoen2@earthlink.net'
Subject: RE: Must have been hot in that court room in WI...

Hi Ben -

Thanks for the transcript excerpt. Interesting read.

Court testimony (or utility commission hearings, etc) are just another day at the office, and unfortunately often involve a "battle of the experts".

I do note, however, that the rebuttal witness assumed a factory-scale dairy farm to be a disamenity. Interesting assumption, in a rural, farming area with rural residential mixed in. So, it reads to me that perhaps both appraisers have a built-in assumption or two, albeit the rebuttal witness considers one industrial "scale" AG use to be a disamenity, and yet has no opinion as it relates to industrial scale, industrial use wind turbines?! Seems inconsistent and may be an impeachable bias.



McCann Appraisal, LLC

Dairy farms vs. Wind Farm is more of a land use characterization question that is far more qualitative and subjective than quantitative and empirical. It also limits the impact question to "views" of some undefined distance or magnitude.

As you know, what I have found thus far (and indeed your thesis exhibit showing sales surrounding turbines reflects) is that there is very little to no sale activity in the project footprints. These most affected owners are exactly who zoning laws are supposed to protect....but it ain't really happening so far sir, in the rush to build as many of these projects as possible, before the hard questions (health effects, values, etc) have definitive answers.

Most zoning ordinances have real estate related standards for granting a special use (i.e., wind farms), and the language tends to require proof by the applicant that the project will "not cause substantial injury, to the use, enjoyment or value of neighboring property", and that uses be compatible with the character of the area, and language to that effect.

Value is clearly a recognized element of concern in zoning cases, and it is my firm belief.... a fact really....that value is only a concept UNTIL the moment of "exchange", or sale. Another way of saying that, is that value is tangible at the time of sale. Thus, if a property can not be sold, then the value can not be realized, and value remains intangible, as a non-liquid asset.

And that is just market value. Another form of value is Value in Use, or Use Value. And that is basically what a property is worth to a specific user/owner for their intended use. It is not "detached and impersonal", like market value. The internet is chock-full of anecdotal reports, descriptions, facts and claims by neighbors at many wind farm projects, who clearly describe that their use and enjoyment is significantly diminished.... and some have even abandoned their homes....indicating that the Value in Use of residential property is often severely impacted by these projects.

In any event, those are my thoughts du 'jour. Not technically impressive, but very much feet-on-the-ground reality.

Has your final report been published? I'm sure it will be interesting when I do see it.

Let's stay in touch.

Mike McCann

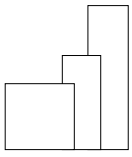
-----Original Message-----

From: benhoen2 [mailto:benhoen2@earthlink.net]

Sent: Saturday, October 24, 2009 9:57 AM

To: mikesmccann@comcast.net

Subject: Must have been hot in that court room in WI...



McCann Appraisal, LLC

FYI

Ben Hoen
Office: 845-758-1896
Cell: 718-812-7589
benhoen2@earthlink.net

Jim,

Those answers are non-responsive, obviously. Iberdola did not provide a copy of my work product regarding the Carlock /Mclean County, Illinois report I wrote, in response to Intervenor request # 7? I assume they are aware of it because they had a copy of it, and had an attorney ask me about 3 hours worth of questions on it....before they settled with the homeowners that had filed suit.

Michael S. McCann
McCann Appraisal, LLC
500 North Michigan Avenue, Suite # 300
Chicago, Illinois 60611

Real Estate Appraisal & Consulting

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mikesmccann@comcast.net

-----Original Message-----

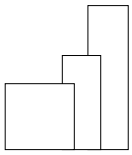
From: Jim Buttolph [<mailto:JimButtolph@roadrunner.com>]
Sent: Monday, September 20, 2010 4:40 PM
To: 'Mike McCann'
Subject: RE: RE: Groton Wind Farm NH

Michael,

I asked detailed data requests relative to the Hoen study along the lines of your comment. The questions are listed below as #7, #8 and #9, and their responses are included below designated by "A" (for "answer"). They, under oath, simply referred to the Hoen study (appendix 37) and some very general opinion laced verbiage already provided in their application. They provided no additional information.

Jim

Excerpts from responses from Groton Wind LLC to "James M. Buttolph, Intervenor from Rumney First Interrogatories to Groton Wind LLC" listed below:



McCann Appraisal, LLC

7) Please provide a copy of any and all analysis that has been brought to the attention of Iberdrola Reenewables or any of its subsidiaries, associates, or partners relating to the impact of wind power projects on residential property values.

A. Please see the Application, at Volume IV, Appendix 37 for the most recent and comprehensive analysis.

8) Please provide a copy of any and all analysis that has been brought to the attention of Iberdrola Reenewables or any of its subsidiaries, associates, or partners relating to the impact of wind power projects on commercial properties, with specific focus on properties where the commercial purpose is tourist and/or recreation related.

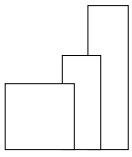
A. Section J. of the Application discusses the impact of the Groton Wind project on properties used for commercial and recreational purposes.

9) The following requests relate to the Appendix 37 analysis titled "The Impact of Wind Power Projects on Residential Property Values in the United States: A MultiSite Hedonic Analysis" a. Please provide the definition of "Valid Sales" for properties included in the data set. b. Please provide copies of the peer reviews of the analysis, including the contact information and credentials of the reviewers, with specific focus on the reviewers' credentials relating to professional real estate evaluation. c. Please confirm whether or not the reviewers listed in response to "b" above requested copies of the raw data, and whether or not these requests were complied with. Please explain why data were not released in those cases where requested data were not released. d. Please provide a list of the acknowledged limitations of the analytical approach alluded to in paragraph 1, page xi in the referenced study. e. Please provide an example of what the applicant would consider to be a metric that would represent a "consistent, measurable, and significant" indicator of a home sale price. Please provide this example in the context of an actual study. f. What is the basis for the generalization that a coefficient of determination (r^2) value of .77 indicates that a model is performing "well"? (pg 28). g. How does the referenced study consider and include the existence of homes in the proximity of wind farms that are placed on the market for sale but do not, or did not, sell at any price? h. In the context of the definitions used in the analysis for "Vistas", what percentage of privately owned land within the 10 mile radius around the proposed turbines defined as the visual study area have vistas characterized as "Poor Vistas", "Below Average Vistas", "Average Vistas", "Above Average Vistas," and "Premium Vistas" in the opinion of the applicant?

A. Groton Wind did not conduct the referenced study. See the Application at Volume IV, Appendix 37 for details on how the analysis was conducted by the Lawrence Berkeley National Laboratory.

-----Original Message-----

From: Mike McCann [<mailto:mikesmccann@comcast.net>]



McCann Appraisal, LLC

Sent: Monday, September 20, 2010 4:05 PM
To: JimButtolph@roadrunner.com
Subject: RE: RE: Groton Wind Farm NH
Importance: High

Jim,

I think it is important that your group make a data request of Groton Wind that THEY provide ALL the underlying records for property sales cited in the LBNL report they submitted on the property value question. The author (Ben Hoen) of that report was unwilling to provide that to me as part of the "peer review" he invited me to provide.

Michael S. McCann
McCann Appraisal, LLC
500 North Michigan Avenue, Suite # 300
Chicago, Illinois 60611

Real Estate Appraisal & Consulting

Phone: (312) 644-0621
Fax: (312) 644-9244
Cell: (312) 961-1601

mikesmccann@comcast.net

-----Original Message-----

From: Jim Buttolph [<mailto:JimButtolph@roadrunner.com>]
Sent: Monday, September 20, 2010 1:39 PM
To: 'Mike McCann'
Subject: RE: RE: Groton Wind Farm NH

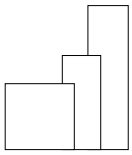
Hello Michael-

Monday morning is the "technical session", coordinated by the SEC's attorney Michael Iacopino. Availability for a technical session is necessary to provide the other parties with an opportunity in the discovery process to ask questions about previously filed testimony and responses to data requests. It is not a hearing.

Those invited to the session include the parties to the docket which includes the following: Groton Wind LLC (Iberdrola), the Council for the Public (Asst. Atty General Peter Roth), and the other intervenors in the case (Townsmen of Rumney, Plymouth, Groton, and one other citizen group with a spokesman identified as Dr. Mazur, who have been primarily focused on health concerns). The SEC's attorney is organizing the meeting and serves as moderator only.

It is not an opportunity to argue a case or provide testimony. The decision makers are not in attendance. It is for information gathering only. I will tell Mr. Iacopino that you will be available via telephone and will be in touch regarding the precise details.

Thank you once again,
Jim Buttolph
603-786-2654



McCann Appraisal, LLC

-----Original Message-----

From: Mike McCann [<mailto:mikesmccann@comcast.net>]
Sent: Monday, September 20, 2010 1:14 PM
To: JimButtolph@roadrunner.com
Subject: RE: RE: Groton Wind Farm NH

Jim,

First, be aware of what you write, as it may be available to Iberdola attorneys, per their data request. I delete most emails that do not have attachments, so some may not be available as requested.

It is obvious they are trying to run up your bills. I will work with you on that. I am writing my response and keeping track of time, but I know your group will likely not be able to afford even my reduced rate. I won't sue for fees, so no worries there. I will just hope that your group will do what you can to make partial payments when possible. However, if my testimony will require my presence in NH, I will need my travel expenses and a per diem sent to me in advance, as I can not truly afford to finance the citizen opposition to the project.

I will be sending my response to the data request today I am pretty sure. Part way completed as of now. I think you and your neighbors will be happy with it. But, to be safe, perhaps asking for an extension today is not a bad idea.

I am not exactly sure what you are asking about Monday morning (27th), but I am available by phone. Is the "organizing" attorney representing your group, the Siting Committee or Iberdola? Is this a discussion between neighbors/experts, or is it "testimony"?

By the way, my cell # is the best way to reach me. The office just forwards calls to my cell or puts callers into voice mail. I will provide a land line # for testimony.

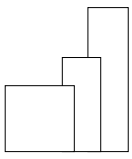
Thanks,

Michael S. McCann
McCann Appraisal, LLC
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mikesmccann@comcast.net



**TITLE XII
PUBLIC SAFETY AND WELFARE**

**CHAPTER 162-H
ENERGY FACILITY EVALUATION, SITING, CONSTRUCTION AND
OPERATION**

Section 162-H:16

162-H:16 Findings and Certificate Issuance. –

I. The committee shall incorporate in any certificate such terms and conditions as may be specified to the committee by any of the other state agencies having jurisdiction, under state or federal law, to regulate any aspect of the construction or operation of the proposed facility; provided, however, the committee shall not issue any certificate under this chapter if any of the other state agencies denies authorization for the proposed activity over which it has jurisdiction. The denial of any such authorization shall be based on the record and explained in reasonable detail by the denying agency.

II. Any certificate issued by the site evaluation committee shall be based on the record. The decision to issue a certificate in its final form or to deny an application once it has been accepted shall be made by a majority of the full membership. A certificate shall be conclusive on all questions of siting, land use, air and water quality.

III. The committee may consult with interested regional agencies and agencies of border states in the consideration of certificates.

IV. The site evaluation committee, after having considered available alternatives and fully reviewed the environmental impact of the site or route, and other relevant factors bearing on whether the objectives of this chapter would be best served by the issuance of the certificate, must find that the site and facility:

(a) Applicant has adequate financial, technical, and managerial capability to assure construction and operation of the facility in continuing compliance with the terms and conditions of the certificate.

(b) Will not unduly interfere with the orderly development of the region with due consideration having been given to the views of municipal and regional planning commissions and municipal governing bodies.

(c) Will not have an unreasonable adverse effect on aesthetics, historic sites, air and water quality, the natural environment, and public health and safety.

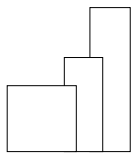
(d) [Repealed.]

V. [Repealed.]

VI. A certificate of site and facility may contain such reasonable terms and conditions as the committee deems necessary and may provide for such reasonable monitoring procedures as may be necessary. Such certificates, when issued, shall be final and subject only to judicial review.

VII. The committee may condition the certificate upon the results of required federal and state agency studies whose study period exceeds the application period.

Source. 1991, 295:1, eff. Jan. 1, 1992. 2009, 65:18-21, 24, IX, eff. Aug. 8, 2009.



McCann Appraisal, LLC

CERTIFICATION

The undersigned, representing McCANN APPRAISAL, LLC, do hereby certify to the best of our knowledge and belief that:

- FIRST: The statements of fact contained in this appraisal report are true and correct.
- SECOND: The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and represents the personal, impartial and unbiased professional analyses, opinions, and conclusions of the undersigned.
- THIRD: We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to any of the parties involved.
- FOURTH: We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- FIFTH: Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- SIXTH: Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- SEVENTH: Our analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- EIGHTH: For preliminary valuation purposes only an exterior inspection was made by McCann Appraisal, LLC of the property that is the subject of this report:
- NINTH: No one other than the undersigned provided significant real property appraisal assistance to the person signing this certification.
- TENTH: Neither the undersigned nor McCann Appraisal, LLC has previously appraised the subject property.

IN WITNESS WHEREOF, THE UNDERSIGNED has caused these statements to be signed and attested to.

Michael S. McCann, CRA
State Certified General Real Estate Appraiser
License No.553.001252 (Expires 9/30/2011)